

Message Text

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ACTION EA-07

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TO USDOC WASHDC

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UNCLAS SEOUL 2120

FOR EXIMBANK

E.O. 11652: N/A

TAGS: BEXP, KS

SUBJECT: \$20 MILLION COTTON MILL FOR CHEIL WOOL

REF: SEOUL 3676, JUNE 9, 1973

1. RICHARD S. WAGNER, SALES DIRECTOR FOR SACO-LOWELL, CALLED MARCH 28 ON COMATT TO DISCUSS EXIMBANK FINANCING FOR CHEIL WOOL'S \$20 MILLION COTTON MILL. MILL WILL HAVE 60,000 SPINDLES AND 1,000 LOOMS.
2. WAGNER STATED THAT CHEIL HAS PROPOSAL FROM TORAY WHICH CALLS FOR 10 PERCENT DOWN, 5 PERCENT AGAINST DOCUMENTS, AND 85 PERCENT REPAYMENT IN 16 SEMI-ANNUAL INSTALLMENTS AT 8 1/2 PERCENT INTEREST. FIRST INSTALLMENT IS DUE 36 MONTHS AFTER SIGNING.
3. ACCORDING TO WAGNER, CHEIL OFFICIALS SAID THAT TORAY PROPOSAL HAS GONE TO EPB BUT THAT CHEIL WOULD BE RECEPTIVE TO ANY AMERICAN OFFER THAT COULD MATCH THE TORAY PROPOSAL. PAST EXIMBANK CONDITION OF FIRST REPAYMENT INSTALLMENT SIX MONTHS AFTER INSTALLATION WAS EQUIVALENT TO 36 MONTHS GRACE IN THIS CASE. PROBLEM WAS REPAYMENT PERIOD.
4. COMATT QUESTIONED WHETHER CHEIL WAS PREPARED TO CONSIDER ANOTHER OFFER SINCE TORAY PROPOSAL SUPPOSEDLY INCLUDED SOME EQUITY PARTICIPATION. WAGNER REPLIED THAT CHEIL OFFICIALS

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ASSURED THIS WOULD NOT PRECLUDE SOURCING FROM ELSEWHERE IF

PRICE AND CONDITIONS RIGHT.

5. WAGNER WAS BRIEFED ON CURRENT STATE OF FINANCING POSSIBILITIES AND NEED FOR EPB APPROVAL PRIOR TO EXIMBANK CONSIDERATION. WAGNER, HOWEVER, REMAINED INTERESTED IN WHETHER EXIMBANK COULD MATCH TERMS. OUT OF IN VIEW OUR DISINCLINATION TO QUERY EXIMBANK, HE SAID HE WOULD INQUIRE AT EXIMBANK HIMSELF AND ALSO PERHAPS DISCUSS THIS AND OTHER POSSIBILITIES WITH U.S. BANK BRANCHES IN SEOUL.

6. WAGNER REMAINED HOPEFUL, AND WE SIMPLY PROMISED WE WOULD REPORT DISCUSSION TO EXIMBANK.
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